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MEASURES TO PROMOTE INDUSTRIALIZATION

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Besides defining production objectives, the accelerated industrialization of a country involves using appropriate means of action.

I. Steps to be taken:

The measures to be taken should -

(a) give possible industrialists clear ideas;

(b) ensure safety of capital;

(c) ensure profitability of capital;

(d) employ a policy of public relations towards the likely industrialist;

(e) obtain finance for new enterprizes;

(f) facilitate the advent of the industrialist;

(g) assist those who encounter difficulties during the initial years.

II. Examination of these steps:

(a) Supply of ideas - A systematic study of future imports will enable those replaceable by local production to be selected. A systematic investigation of local raw materials will give an idea of those that can be exploited.

(b) Safety of capital - Foreign capital should be guaranteed against the risk of destruction (by war or revolution), nationalization and prohibition of export of profits. There are at the moment only three developed countries that give these assurances.

(c) Long-term profitability is necessary to establish a really industrial undertaking. It should then be automatically assured. Short-term profitability, on the other hand, can be assured artificially, either by an extension of the present market, by an increase of external prices or by a reduction in manufacturing costs.

(d) An investment code listing the various advantages available to industry must be made known in industrial and financial circles both locally and abroad.

(e) Sources of finance - Various types of finance can be provided in the form of a holding by public finance companies (national investment companies) or private finance companies (development companies) or in the form of loans (credit institutions) or in the form of capital equipment grants normally made in rich countries only as a means of developing backward areas.

(f) Facilitating the advent of industrialists - A reception bureau set up at the request of the government can supply information to potential industrialists concerning the possibilities offered by industrialization.

(g) Assistance - It will sometimes be necessary to help industrialists overcome the difficulties they will encounter, such as book-keeping, preparation of documents etc.

Other measures aiming at the development of employment or at a satisfactory geographical distribution are generally introduced.

III. Brief survey of certain steps taken in Madagascar.